

Iowa Communications Network

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Fiscal Year 2010 Annual Report

*REPRESENT the public's
NETWORK investment while
PARTNERED with the private
sector to BENEFIT the
citizens of Iowa.*

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Letter to the Governor

November 15, 2010

The Honorable Chester J. Culver
Governor, State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Governor Culver:

On behalf of the Iowa Telecommunications and Technology Commission (ITTC) overseeing the Iowa Communications Network (ICN), I am pleased to submit the Fiscal Year 2010 Annual Report. Throughout the report you will find stories and examples that demonstrate the many ways in which ICN video, voice, Internet, and data services have touched the lives of Iowans across our state.

During these challenging economic times, we're especially pleased to show that the ICN continues to be a cost-saving asset to a variety of integral partners in education, health, safety, government, and most importantly for Iowans. As the premier distance learning and state government network in the country, the ICN has helped the State of Iowa make strides in K-12 student achievements, streamline state government operations, provide residents access to health and diagnostic services, and offer efficiencies in court services.

The ICN was established to be a public asset to assist the private sector. In 2011, the ICN plans to utilize its partnerships with private service providers and key anchor institutions to bring enhanced broadband capabilities to all 99 of the state's counties. The ITTC seriously takes its charge to advance the mission of "One Iowa" by actively promoting the Iowa Communications Network as a resource and partner.

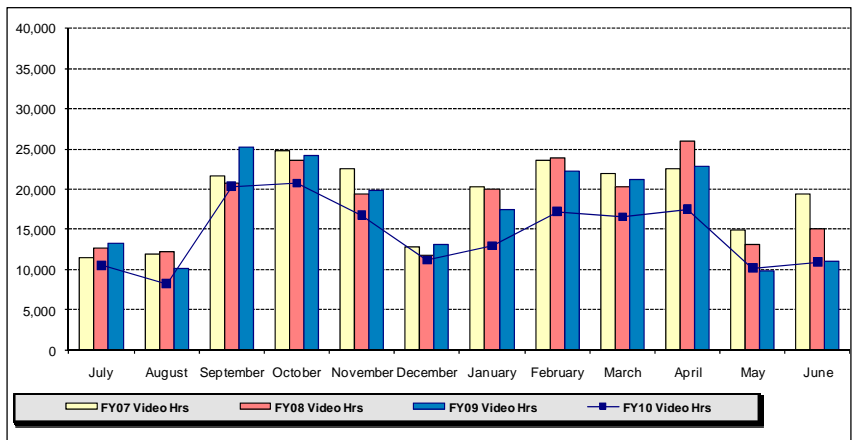
We appreciate the opportunity to be of service.

Sincerely,



Betsy Brandsgard
Chair, Iowa Telecommunications and Technology Commission

The full-motion interactive video sessions carried over the ICN's fiber-optic lines, allow participants at sites hundreds of miles apart to dynamically interact as if in the same room, and save participants time and cost of travel. This is the ideal tool for distance learning



connecting lowans at multiple sites for classes, virtual field trips, meetings, and training. The Network's state-of-the-art technology allows real-time interaction between two or more sites. ICN's video conferencing service allows users to share Iowa's infinite possibilities.

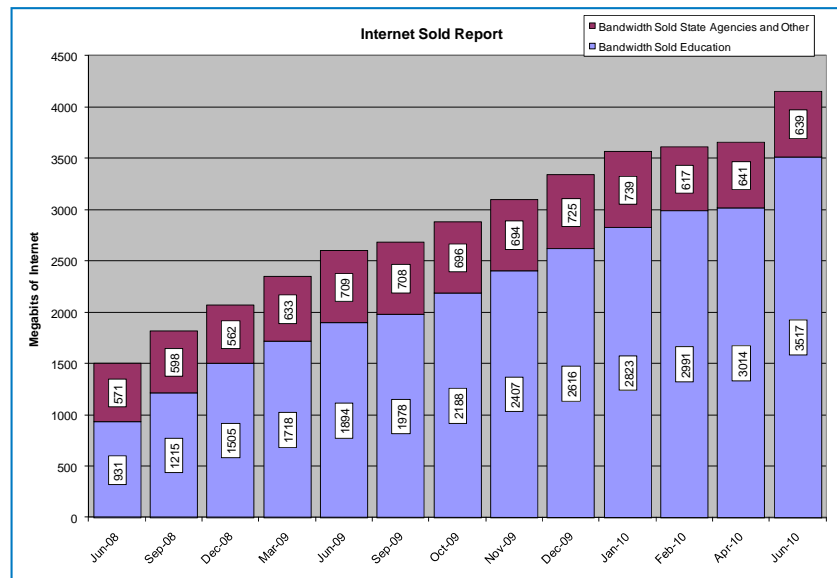
During Fiscal Year 2010:

- Users continue to benefit from using ICN's video service. Customers utilized a total of 173,313 video hours.
- The top four users included: Community College: 54,408 hours; Other Higher-Education: 45,641 hours; K-12 Education: 40,346 hours; All Training: 10,385 hours.
- During the 2009-2010 school year, IPTV's *K-12 Connections* (www.k12connections.iptv.org) generated over 9,820 video conferencing hours. Over 32,000 Iowa students, educators, and school personnel benefited from distance learning opportunities.
- *K-12 Connections* received the *My Source Education Innovation Award* at the Council of Chief State School Officers/Public Media Summit held in Washington, DC on March 20, 2010.
- Rounding out the top five K-12 educational usage sites on the Network during the 2009-2010 school year was: Fort Dodge-AEA, 969.0 hours; Sioux City-AEA, 931.6 hours; Waukon-HS, 854.7 hours; Keota-HS, 817.9 hours; Elgin-Valley-HS, 773.2 hours.
- ICN identified a Video Service Project (VSP) team to research trends and present recommendations regarding a future IP video conferencing service.

ICN Services Update

Internet and Data Services

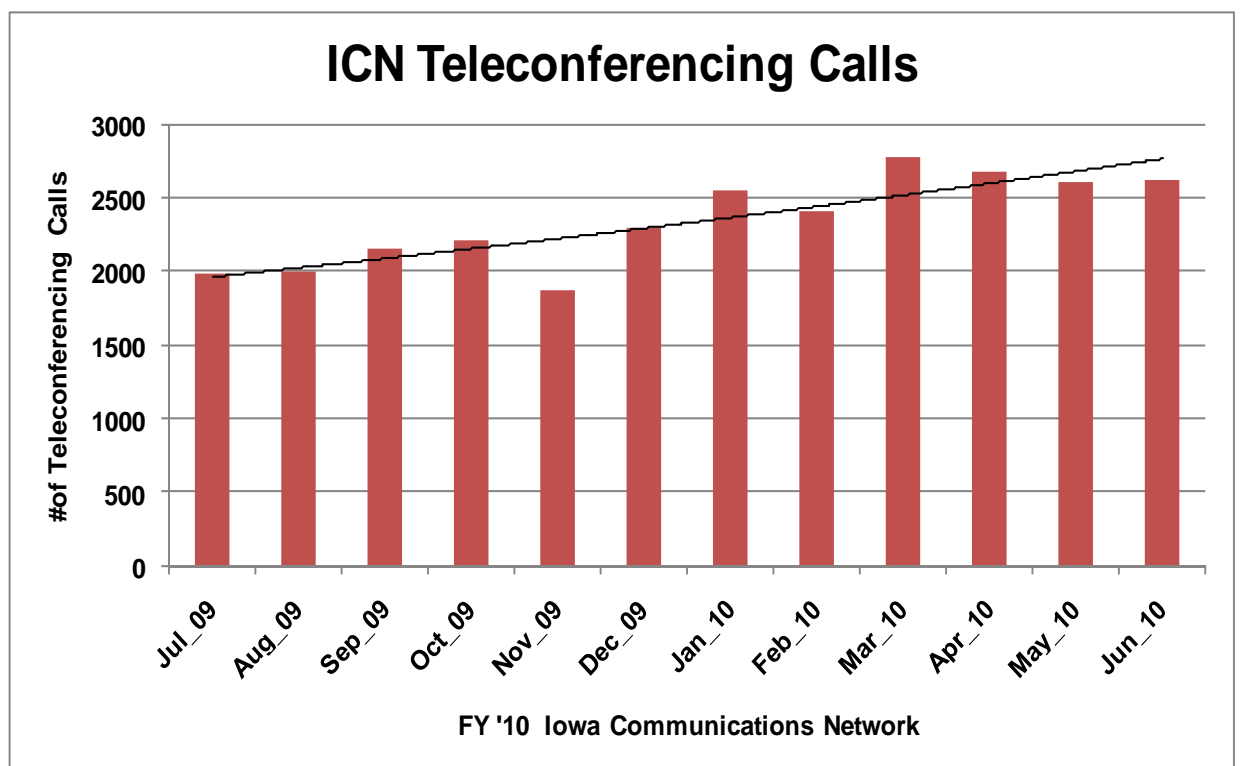
Use of ICN's Internet and data services have continued to increase exponentially, which reflects the capacity needed for greater access to high-speed Internet (Broadband). Users are incorporating more web-based applications, which uses larger amounts of bandwidth; such as transmitting hospital MRIs, video streaming, and web-based systems.



- The amount of Internet purchased by customers has increased 276 percent over the past two-years (1,502 Megabits to 4,156 Megabits).
- 84 percent of the Internet provided by the ICN is being used by educational entities (3,517 Megabits by education, 639 Megabits for non-education).
- 97 percent of the 2,654 Megabit increase over the last two years has been ordered by educational entities (2,586 Megabits for education, 68 Megabits for non-education).

Annual cost-savings reports, submitted by executive and judicial branch agencies to the legislature, showed a combined savings of more than \$12 million from July 1, 2008, through June 30, 2009. Annual cost-savings reports are due in January for the previous year, and are required by the Code of Iowa.

ICN provides long distance and toll-free phone services to its authorized users. ICN also offers local voice service to state agencies located on the Capitol Complex and throughout the Des Moines metro area. ICN's voice conferencing service offers customers the ability to have instant access to conference calls whenever necessary, without making a reservation or requiring the help of an operator.



2010 Daffodil Days Campaign



The daffodil is the first flower of spring, a symbol of hope and renewal. ICN employees take part in the 2010 Daffodil Days Campaign each spring. Employees submitted an order for \$620.

ICN's Executive Search Begins

Looking to Fill the Leadership Role

The Iowa Telecommunications and Technology Commission (ITTC) appointed Dave Lingren as ICN's Interim Executive Director during a special meeting held on January 4, 2010.

Former Executive Director, John Gillispie announced his resignation from ICN effective January 8, 2010.

At the time of the appointment, Lingren was the Service Delivery Administrator for ICN. Lingren joined the ICN staff in April 2001 working with the Network Operations personnel. He assumed the lead management role for ICN's Service Delivery organization in July 2005.

The ITTC began its search for ICN's permanent executive director in March 2010. There were six companies bidding to be selected as the research firm to complete the executive search. An evaluation scoring sub-committee consisting of two ITTC Commissioners and an ICN staff member was tasked with scoring the applications, and ensured that the scoring process was thorough.

Following the recommendation of the sub-committee, the ITTC agreed to select and hired the research firm Management Resource Group, Ltd (MRG), located in



Davenport, IA, to perform the search for the position. MRG had previously performed executive searches throughout the country.

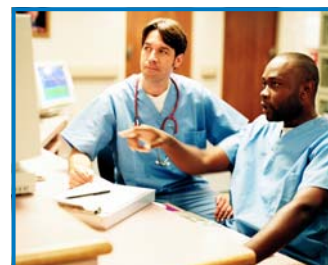
MRG distributed a questionnaire to the ITTC and ICN staff requesting the kind of qualities and characteristics they're most interested in seeing in an executive director, as the first step of the executive search. MRG posted the job announcement, recruited qualified candidates within Iowa and outside of the state, and utilized professional networks.

There were over 100 applicants who applied, and MRG narrowed the number of qualified individuals down for a selection committee tasked to select two candidates. The selection committee included members from multiple backgrounds consisting of individuals from the private sector, ICN's user community, and members of the Commission.

Progress Continued with Healthcare Network

IHA and ICN Work to Connect Hospitals

The dedication and coordination between the Iowa Hospital Association (IHA) and Iowa Communications Network (ICN) continued in preparing a secure, statewide, high-speed Healthcare Network, which will connect rural hospitals to vital healthcare resources utilizing ICN's backbone to each participating hospital.



The Iowa Rural Health Telecommunications Program (IRHTP) was awarded \$9.95 million under the FCC Rural Health Care Pilot Program. In 2007, the FCC pilot program project was submitted by IHA, and managed collaboratively by the ICN.

Ensuring each communities' hospitals have the appropriate increased infrastructure capacity and broadband speeds is critical. Hospitals and critical care facilities will utilize private Ethernet services and Internet provided by the ICN to exchange medical information including radiology studies, electronic medical records, and remote ICU monitoring. Providing rural Iowans with local access to the right healthcare, in the right place, at the right time improves their quality of life, helps contain healthcare costs, and assists in sustaining rural communities.



ICN's role in IRHTP is to network design. ICN is also responsible for: inventory control, electronics implementation and testing, connecting each health care site when the fiber path is installed, customer orders and service turn-up, and on-going Network maintenance.

Future Initiatives:

It is anticipated that the dedicated Healthcare Network will be deployed in August 2010. In the future, this network will also form the backbone for the state-wide Iowa Health Information Exchange.

IRHTP members are responsible for purchasing last mile fiber access to their facility and participate in cost sharing to acquire Network electronics. ICN's backbone will complete the high-speed IRHTP core Network by connecting each of the core sites with redundant 10 gigabit connections.

ICN Applies for Broadband Grants

Enhancing the Quality of Life

Broadband (high-speed Internet) correlates directly with the quality of life in our communities; it has become as essential as electricity. Without broadband, our great State and Nation will have a difficult time competing in this global environment, whether it's in education, health, safety, transportation, or economics. This significance has been recognized by Congress to allocate \$4.7 billion to the National Telecommunications and Information Administration (NTIA) to implement a Recovery Act initiative to expand the availability and adoption of broadband Internet access.



The funding will support:

- Deployment of broadband infrastructure
- Enhancement and expand public computer centers
- Encouragement of sustainable adoption of broadband service
- Development and maintenance of a nationwide public map of broadband service capability and availability

On March 26, 2010, ICN applied for two federal grants from the BTOP. ICN identified exciting opportunities for both projects.

ICN's proposed sustainable adoption project would build a new broadband video conferencing platform that meets current industry standard IP-based protocol, while establishing a targeted technology education and training program to underserved and vulnerable citizens. This project proposed to expand broadband adoption in over 700 CAIs (Community Anchor Institutions).

ICN's proposed infrastructure project would install specialized state-of-the-art hardware. The Network could increase its bandwidth speed to 10 Gigabits per second (Gbps) for every Point of Presence within each of Iowa's 99 counties. The 'Middle Mile' portion of the Network will provide up to 1 Gbps of symmetrical Ethernet for over 1,000 educational facilities, hospitals, libraries, public safety, workforce development, and other CAIs in served, underserved and unserved areas throughout Iowa.

Iowa Broadband Deployment Governance Board

Updates and Initiatives

In January 2010, there were multiple personnel changes with the Iowa Broadband Deployment Governance Board (IBDGB). IBDGB was created by SF 376 during the 2009 Legislative Session. Krista Tanner, Board Member representing Iowa Utilities Board, was elected Chair and Thomas Hart, Infrastructure Manager for Iowa Department of Economic Development, was elected Vice Chair. Joseph Cassis, Iowa Communications Network's Deputy Director, joined the board representing the Iowa Telecommunications and Technology Commission (ITTC)

membership category. Representative Doris Kelley joined the board replacing Representative Curt Swaim.

During the final days of the 2010 Legislative Session the funds previously appropriated to the ITTC for the Iowa Broadband Deployment Competitive Grant Program, for broadband infrastructure projects, were removed from the state budget.

The IBDGB itself was not eliminated, and continued to work towards creating a comprehensive plan for the deployment and sustainability of high-speed broadband access in Iowa.

Iowa's First Statewide Broadband Availability Map

Iowa's first statewide broadband availability map was launched June 18, 2010. The web-based map is fully interactive. The map is available on the Connect Iowa website (www.connectiowa.org).

The map paves the way for technology to follow which will create new jobs, increase Iowa's economic competitiveness, and deliver services that have been previously unavailable to rural areas of the state. 177 broadband providers offered data showing that 66 percent of Iowans have access to broadband in their homes.

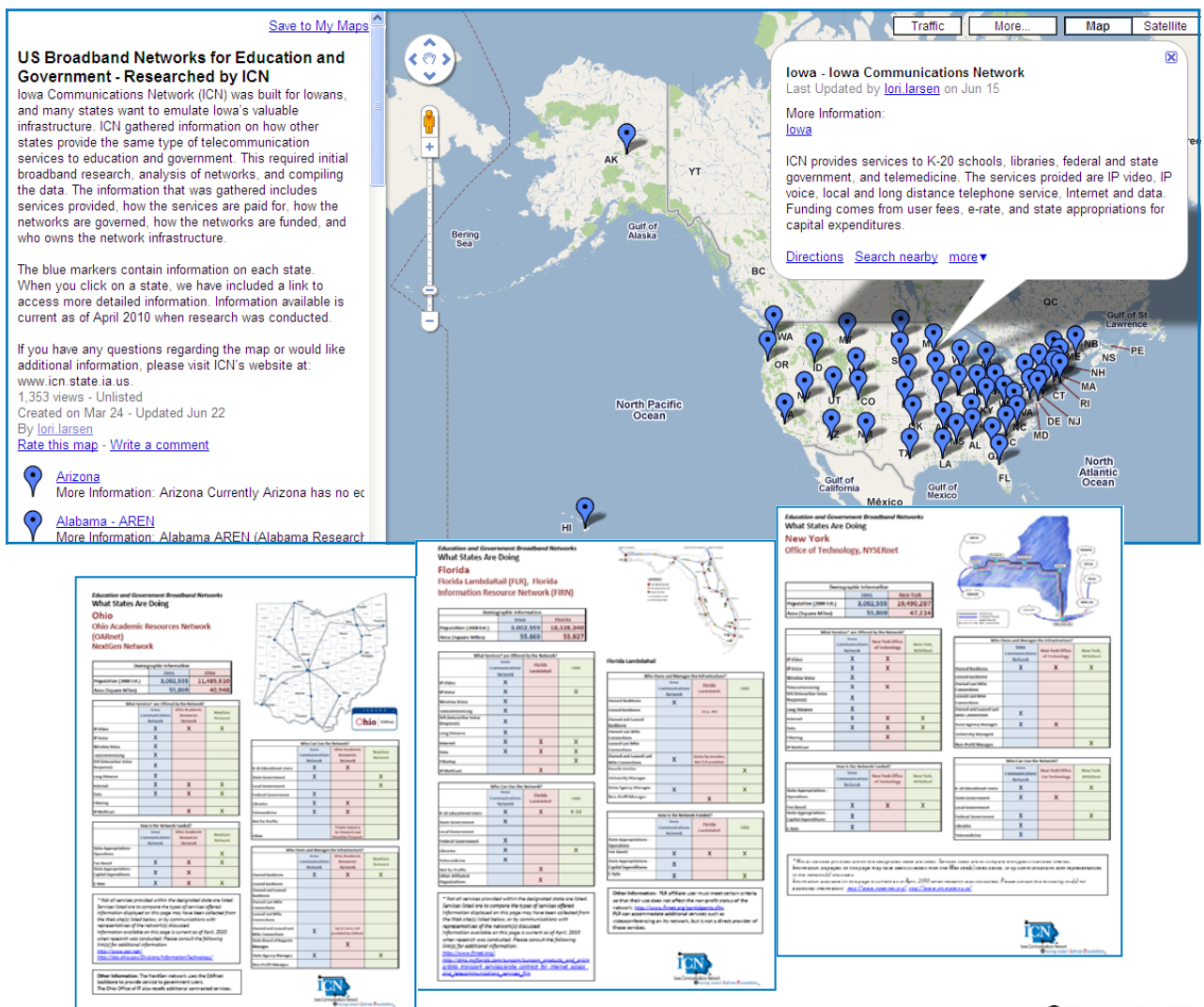
Availability of the map was funded through the American Reinvestment and Recovery Act and is part of the national Federal Communications Commission mapping and broadband planning project. Connect Iowa, a subsidiary of the national nonprofit Connected Nation, is Iowa's designated entity under the grant award. The Iowa Utilities Board and the IBDGB are leading the initiative to increase broadband Internet access throughout rural Iowa.

Broadband Google Map

Telecommunications Education Tool

ICN was built for Iowans, and many states want to emulate Iowa's valuable infrastructure. ICN created a Google mapping tool to help inform individuals on how other states provide the same type of telecommunication services to education and government. In order to create the Google map, initial broadband research was required, analysis of networks, and compiling the data. The information that was gathered includes services provided, how the services are paid for, how the networks are governed, how the networks are funded, and who owns the network infrastructure.

ICN's Spring 2010 interns, Sean Bachman and Steven Price, were instrumental in researching the topics. Information available is current as of April 2010 when research was conducted.



International Video Session Held

Network Provides Global Possibilities

ICN continues to share infinite possibilities by using its services and technology in promoting positive international relations.

The Baghdad Technical Institute, a two-year technical college in Karadah, Baghdad, Iraq, and Iowa Western Community College (IWCC) utilized ICN's fiber-optic Network during a video session held on December 15, 2009. The two presidents and staff from Baghdad Technical Institute and IWCC attended the video session to discuss a potential sister college partnership program and to develop a future plan for collaborative meetings. The video session was organized by LTC Rick Burns, Army Reserve Officer.

Burns, from Elk Horn, is building lasting relationships through the Karadah Project, which began during his second tour in Iraq as an Army Civil Affairs Officer. Burns stated that both Baghdad Technical Institute and IWCC are two-year educational facilities, and can benefit from each other by building mentoring and partnering relationships through the exchange of curriculum information. The mission of the Karadah Project is to

facilitate the transfer of ideas and the expansion of relationships between organizations and individuals in developed countries with like organizations and individuals in developing countries.

Burns said, "ICN is a tool for building relationships and interacting with individuals. This international video conference was a starting point for a long-term partnering agreement. This was a move in the right direction and the beginning of what I hope will be more opportunities for students, kids, and teachers to interact and learn."



Participants during the video session between the Baghdad Technical Institute and IWCC.

2009 Outreach Effort

Focus Groups Provide Great Insights

During the last quarter of 2009, an outreach effort to ICN authorized users was undertaken.

The project had goals of determining:

- Perceptions of authorized users regarding the value of the ICN
- How users expect to use the ICN in future years
- How users view the impact of current public policy governing the ICN

Qualitative research was completed in October, generated from seven focus groups held at locations across the state. Additional research was completed in November, via an on-line survey of authorized users inclusive of all those invited to participate in a focus group and the focus group attendees.

Messages that came from the focus groups included:

- Users like and depend on the ICN as a reliable communications system that helps them get their work done.
- The ICN reduces distance for those in rural and out-state areas for education, public access to government, and data links with a statewide network.
- The ICN is the affordable option in outlying areas for technology and communications services.
- There was near-universal agreement by focus group respondents that local government should be authorized users of the ICN.

ICN leadership worked closely with the research contractor, State Public Policy Group, Inc. (SPPG), in framing the activities, providing background information, and supplying the database of authorized users from which the research sample was drawn.

From Fiscal Year 2002 through Fiscal Year 2010, Iowa's schools and libraries saved over \$32 million with ICN's involvement in the FCC's Universal Service Administrative Company (USAC) program.

ICN Employees Give to Charity

Making a Difference with Every Campaign

One Gift Campaign



The One Gift Campaign is an opportunity for ICN to contribute to participating charitable agencies through payroll deduction. Donated money stays in Iowa, where it helps our local communities.

During the 2010 One Gift Campaign, which was held from October 1, 2009, through October 30, 2009, ICN employees reached into their pockets and made contributions. Forty-five ICN employees and Commission members pledged a total of \$11,722.10, exceeding the goal of \$10,000. In total, state employees pledged \$468,540.14 to participating charitable agencies.

Pink Ladies Continue to Give

The Pink Ladies were at it again in October raising money for the Susan G. Komen Foundation. The Pink Ladies were able to raise over \$6,000 in 2009. They raise money for several reasons, but the most important motivation is to remember their co-worker, Paula Schultz.

The Pink Ladies received a little over \$200 in race registrations, \$200 from the Passionately Pink for Paula website, \$50 from Tupperware sales, \$200 from carnation sales, \$1,600 from the silent auction, and \$750 from freewill donations! In addition their very generous anonymous donors matched the \$3,000 they raised.



Pictured left to right: Jeannie Patterson, Holly Johnson, and Carrie Weigel

2010 State Employees Food Bank Drive

The 2010 State Employees Food Bank Drive was held during June 9, 2010 -June 18, 2010. ICN donated a total of 1,479.38 items and pounds. ICN's fundraising activities included: one-day Jeans Day Pass for \$5, root beer float sale for \$2, parking spot silent auctions, penny wars between departments, and a friendly competition between departments to see which team brings in the most food/paper products.

2009 Golden Dome Awards

Recognizing Outstanding Accomplishments

The Governor's Golden Dome Awards were presented on October 26, 2009, during a ceremony held in the State Capitol Rotunda. The Golden Dome Awards celebrate the commitment and service of those state employees who have performed exemplary service in their everyday job duties, as well as individuals who have gone above-and-beyond to make this state a better place. Award recipients were selected by our peers, and we are honored to recognize their outstanding achievements. The award recipients represent a true commitment to improving the lives of Iowans.

Below are two ICN team members that received an award during the ceremony. We would like to congratulate them for all of their hard work. We are proud to have such great members on our ICN team.



Phil Groner – 10 Years of Service
Governor's Excellence Award

The challenges presented to state government during the recent budgetary concerns can be seen as agencies look for ways to find immediate cost reductions. As telecommunications is viewed as a utility service, people look for reductions in this area without understanding the technology that can be used to reduce much larger expenses. Phil Groner continues to demonstrate the commitment and consultative approach that enables many educational entities and state agencies to better serve the public while helping identify real cost savings.



Holly Johnson – 10 Years of Service
Lt. Governor's Employee Volunteer Award

Holly Johnson works year-round to support Breast Cancer Research in memory of former employee Paula Schultz, and to honor her mother and other survivors. As one of the original 'Pink Ladies,' Johnson volunteers each October to raise awareness and funding for Susan G. Komen Race for the Cure and is a contact for Passionately Pink for the Cure.

From the Hill

During FY 2010 Legislative Session

Equipment Appropriations

\$2.24 million was appropriated for the investment to ensure that the basic requirements of ICN users are met, and addressed two different funding issues affecting the Network:

- Replacement of aging equipment, 'end of life' equipment, or Network requirements.
- A state appropriation in order for the Network to receive Universal Service Fund dollars on behalf of schools and libraries.



Leased Connections – House File 2531, Section 102

On April 29, 2010, Governor Culver amended the Code of Iowa references to older technology capacity measures (DS-3) for Part III and specific state agency leased connections, which allows the Commission to determine the technology used that provides sufficient capacity. The change moved the focus to ensure that users have adequate capacity rather than be limited to a specific technology requirement.

- The bill provides that, in lieu of these capacity levels, the State will provide authorized users with sufficient capacity for their use as determined by the Commission. The capacity determined by the ITTC could exceed the DS-3 or DS-1 capacity levels, if appropriate.

Contracts

Below is the contract entered into by the Iowa Communications Network exceeding \$1 million during Fiscal Year 2010 as required by the Code of Iowa, Chapter 8D.13(3)(f).

- Baker Electric, Agreement 08-032 for Generator Replacement

Iowa Telecommunications & Technology Commission

Leading the Charge for ICN

The Iowa Telecommunications and Technology Commission (ITTC) was established, in 1994 by statute, with the sole authority to supervise the management, development, and operation of the Iowa Communications Network. The Commission provides for the centralized, coordinated use, and control of the Network. The Commission's duty is to ensure that the Network operates in an efficient and responsible manner and provides the best economic service attainable to its customers consistent with the state's financial capacity. Educational users and the use, design, and implementation for educational applications, will be given the highest priority concerning use of the Network by the ITTC.



Mary Elizabeth "Betsy" Brandsgard



Dr. Pamela Duffy



Dr. Robert Hardman



Timothy Lapoine



Michael Mahaffey



**David Vaudt, CPA
Ex-officio Member**

The Following Pages Include:

Statement of Net Assets

Statement of Revenues, Expenses & Changes in Equity

Statement of Revenues, Expenses & Changes in Net Assets

Statement of Cash Flows

Operating Budget Proposal

IOWA COMMUNICATIONS NETWORK

Statement of Net Assets

As of June 30, 2010

(Unaudited)

Assets

Current assets:

Cash & Cash Equivalents	\$	14,232,167
Accounts Receivable, net		4,992,581
Interest Receivable		32,621
Inventory		2,056,357
Total Current Assets		<u>21,313,726</u>

Unexpended appropriation 7,061,430

Noncurrent assets:

Capital Assets, net		19,441,504
Prepaid Expenses		352,390
Total Noncurrent Assets		<u>19,793,894</u>

Total Assets \$ 48,169,050

Liabilities

Current liabilities:

Accounts Payable	\$	5,024,353
Deferred Revenue		163,481
Compensated Absences		786,043
Total Current Liabilities		<u>5,973,877</u>

Noncurrent liabilities:

Compensated Absences		794,394
Other Post-Employment Benefits		154,366
Total Noncurrent Liabilities		<u>948,760</u>
Total Liabilities		<u>6,922,637</u>

Net Assets

Invested in capital assets		19,441,504
Unrestricted		21,804,909
Total Net Assets		<u>41,246,413</u>

Total Liabilities and Net Assets \$ 48,169,050

IOWA COMMUNICATIONS NETWORK
Statement of Revenues, Expenses & Changes in Equity
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Operating Revenues:

Sales, rents, and services:

Voice Services	\$ 8,645,355
Data Services	18,430,908
Video Services	3,524,682
Installation Services	1,010,855
Equipment Sales	791
Other Revenues	228,442
Total Operating Revenues, gross	<u>31,841,033</u>
Bad Debt Expense	<u>(230,975)</u>
Total Operating Revenues, net	<u>31,610,058</u>

Operating Expenses:

Direct Expenses:

Voice Costs	3,302,484
Data Costs	7,026,458
Video Costs	440,197
Installation Costs	336,173
Total Direct Expenses	<u>11,105,312</u>

Depreciation Expense	<u>6,175,889</u>
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Other Operating Expenses:

Network Equipment	948,540
System Maintenance	7,371,601
System Utilities Costs	76,476
Outside Plant Costs	1,130,016
System Repair Maintenance	243,492
Other System Costs	54,330
Network Installation Costs	607,625
Loss on disposal of capital assets and inventory	137,395
Total Other Operating Expenses	<u>10,569,475</u>

General & Administrative Expenses:

Personnel	8,480,855
Travel	107,935
Administrative Services	147,473
Rent	105,222
Professional Fees	372,613
Other General & Administrative Expenses	80,018
Total General & Administrative Expenses	<u>9,294,116</u>
Total Operating Expenses	<u>37,144,792</u>

Operating Loss	<u><u>\$ (5,534,734)</u></u>
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IOWA COMMUNICATIONS NETWORK
Statement of Revenues, Expenses & Changes in Net Assets
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Operating Revenues	
Sales, rents, and services	<u>\$ 31,610,058</u>
Operating Expenses	
Direct Expenses	11,105,312
Depreciation Expense	6,175,889
Other Operating Expenses	10,569,475
General & Administrative Expenses	<u>9,294,116</u>
Total Operating Expenses	<u>37,144,792</u>
Operating Loss	<u>(5,534,734)</u>
Non- Operating Revenues	
State Appropriations	7,287,109
Investment Income	<u>113,410</u>
Total non-operating revenues	<u>7,400,519</u>
Decrease in net assets	1,865,785
Net assets beginning of year	<u>39,380,628</u>
Net assets end of year	<u><u>\$ 41,246,413</u></u>

IOWA COMMUNICATIONS NETWORK
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Cash flows from operating activities:

Cash received from customers	\$ 31,205,637
Cash paid for goods and services	(22,923,717)
Cash paid for salaries and benefits	(8,082,287)
Net cash provided by operating activities	<u>199,633</u>

Cash flows from non-capital financing activities:

State appropriations	<u>7,287,109</u>
Net cash provided by non-capital financing activities	<u>7,287,109</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	<u>(2,039,971)</u>
Net cash used in capital and related financing activities	<u>(2,039,971)</u>

Cash flows from investing activities:

Interest received on investments	<u>120,821</u>
Net cash provided by investing activities	<u>120,821</u>

Net increase in cash & cash equivalents

5,567,591

Cash and cash equivalents, beginning of year

15,726,006

Total cash and cash equivalents, end of year

21,293,597

Unexpended funds from State of Iowa capital appropriations

7,061,430

Current cash and cash equivalents, end of year

\$ 14,232,167

Reconciliation of operating loss to net cash provided by operating activities:

Operating income	<u>\$ 1,644,761</u>
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation Expense	6,175,889
Loss on disposal of capital assets and inventory	137,395
(Increase) decrease in accounts receivable	(842,874)
(Increase) decrease in due from other state agencies	478,389
(Increase) decrease in inventory	(840,015)
(Increase) decrease in prepaid expense	23,511
(Increase) decrease in deferred revenue	67,680
(Increase) decrease in State of Iowa capital appropriation	(7,287,109)
Increase (decrease) in accounts payable	242,767
Increase (decrease) in due to other state agencies	670
Increase (decrease) in compensated absences	398,568

Total adjustments (1,445,128)

Net cash provided by operating activities

\$ 199,633

IOWA COMMUNICATIONS NETWORK
FISCAL YEAR ENDING JUNE 30, 2012
OPERATING BUDGET PROPOSAL

	FY 2011 Budget	FY 2012 Proposed Budget
REVENUES		
Voice Revenues	\$ 8,352,960	\$ 8,082,840
Data Revenues	18,739,955	19,324,677
Video Revenues	3,396,472	3,446,567
Installation Charges	706,585	782,500
Equipment Appropriation Request	2,244,956	2,248,653
Other Revenues	356,454	223,754
<i>Gross Revenues</i>	\$ 33,797,382	\$ 34,108,991
DIRECT EXPENSES		
Toll	345,420	419,025
Switched Access	1,037,697	1,182,565
Other Voice Direct Expenses	1,953,422	1,790,694
Data Circuit Expenses	7,114,256	6,831,695
Video Direct Expenses/Other expenses	476,750	490,626
Installation Expenses	425,500	430,750
<i>Total Direct Expenses</i>	\$ 11,353,045	\$ 11,145,355
<i>Gross Margin</i>	\$ 22,444,337	\$ 22,963,636
OPERATING EXPENSES		
System Maintenance and Technical Support	7,809,665	7,956,640
Outside Plant Expenses	1,231,049	1,304,883
Other Operating Expenses	901,424	971,684
<i>Total Operating Expenses</i>	\$ 9,942,138	\$ 10,233,207
<i>Net Margin</i>	\$ 12,502,199	\$ 12,730,429
GENERAL, SALES, AND ADMINISTRATIVE		
Personnel Services	8,625,572	9,312,918
Travel	134,350	189,900
Data Processing, ITE	117,617	117,617
Other Administrative Expenses	411,062	411,062
Professional Fees	440,940	440,940
<i>Total G, S, and A Expenses</i>	\$ 9,729,541	\$ 10,472,437
<i>Net Cash (Deficit) from Operations</i>	\$ 2,772,658	\$ 2,257,992
EQUIPMENT PURCHASES		
Network (net)	2,772,658	2,257,992
<i>Net Equipment Purchases</i>	\$ 2,772,658	\$ 2,257,992
<i>Net Cash (Deficit)</i>	\$ -	\$ -



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